



# County of Los Angeles CHIEF ADMINISTRATIVE OFFICE

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DAVID E. JANSSEN  
Chief Administrative Officer

Board of Supervisors  
GLORIA MOLINA  
First District

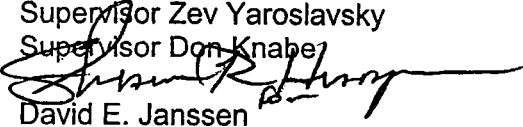
YVONNE B. BURKE  
Second District

ZEV YAROSLAVSKY  
Third District

DON KNABE  
Fourth District

MICHAEL D. ANTONOVICH  
Fifth District

April 13, 2006

To: Mayor Michael D. Antonovich  
Supervisor Gloria Molina  
Supervisor Yvonne B. Burke  
Supervisor Zev Yaroslavsky  
Supervisor Don Knabe  
  
From: David E. Janssen  
Chief Administrative Officer

## **GUIDELINES REGARDING RECEIPT AND EXPENDITURE OF FEDERAL AND STATE GRANT DOLLARS**

On March 7, 2006, on a motion by Mayor Antonovich and Supervisor Knabe, your Board instructed the Auditor-Controller and my office to report back in 30 days after conducting an audit and review of the Public Health federal grants and funds earmarked for bioterrorism preparedness and the utilization of the funds provided. Your Board further instructed my office to prepare guidelines regarding receipt and spending of federal and State grant dollars, including a requirement that any grant monies will be spent as intended or returned if not spent in the appropriate time period.

The audit report is being provided to your Board in a separate memorandum from the Auditor-Controller. This memorandum provides a report regarding guidelines on the receipt and expenditure of federal and State grant funds.

County Policy No. 4.070 was previously approved by your Board to ensure full utilization of all non-County funds, including federal and State grants, in order to avoid having to return these funds unnecessarily. The policy encourages full utilization either through reorganizing internally or contracting with the private sector, and requires that language establishing this review process and allowing for reallocation of funds, if necessary, be placed in contracts, if such services are provided through contracts. Department heads were instructed to advise the Board and this office immediately whenever substantial regulations either prevented them from carrying out their missions requiring the return of significant federal or State funding allocations, or impeded implementation of federal or State programs.

In accordance with this County policy, my office maintains a County Grants Policy and Procedures Manual (Manual), which can be viewed on the County of Los Angeles Grants Web Site (<http://grantsweb.co.la.ca.us>). The Manual is designed to provide County departments with information, guidance and advice in the development and management of grants and to ensure that: 1) your Board is adequately informed about grants the County has applied for; 2) external funding and contributions are efficiently and appropriately used; and 3) accurate records of grant-funded activity are maintained.

Each Supervisor  
April 13, 2006  
Page 2

In addition, my staff meets periodically, but at least two times a year, with Departmental Grant Coordinators from all County Departments, to review grant policies or directives in the Manual and other actions taken by your Board regarding grant funding, and to share information about best practices and opportunities for collaboration.

We believe, therefore, that the current County policy and Manual can serve as a framework to respond to your Board's March 7, 2006 instruction, and that the current network of Departmental Grant Coordinators can be utilized to help ensure that all County staff involved in grants activities and/or coordination are aware of and comply with County policies and procedures in these areas.

Based on the Auditor-Controller's review of the utilization of federal grants and funds earmarked for bioterrorism preparedness, the Department of Health Services (DHS) is generally using these funds for the program's intended purpose; however, there were a few areas where DHS staff could improve their documentation and justification to support how some services and supplies purchases are specifically related to grant activities. My staff will work with DHS to ensure that staff is aware of and comply with guidelines for appropriate documentation of the approval and use of funds.

While the Manual provides guidance to County Departments on the need to prepare and maintain documentation for expenditures of grant funds, we believe there are areas which may be strengthened to provide more guidance in terms of appropriate justification for equipment and supply purchases, for example, as addressed in the audit report. Therefore, my staff will work with the Departmental Grant Coordinators to review the Manual for areas, such as this, where these changes can be made.

Finally, my staff is currently reviewing County Policy No. 4.070 for renewal beyond its current sunset date and will develop a report to present to the Audit Committee. We anticipate providing our report and recommendation to the Committee for consideration at its meeting in May.

If you have questions or need additional information, please call me or your staff may contact Josie Jaramillo of my staff at (213) 974-1274.

DEJ:SRH:DL  
SAS:JJ:lbm

c: Executive Officer, Board of Supervisors  
County Counsel  
Auditor-Controller  
Acting Director of Health Services  
Director of Internal Services